

ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS FIRST QUARTER, FISCAL YEAR 2023

**Report to the Joint Legislative
Committee on the Budget
Issued November 2, 2022**

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November 2, 2022

Chairman Jerome Zeringue and Members of the
Joint Legislative Committee on the Budget

Dear Chairman Zeringue and Members of the Joint Legislative Committee on the Budget:

Act 461 of the 2014 Regular Legislative Session requires the Louisiana Legislative Auditor to make quarterly and annual reports to the Joint Legislative Committee on the Budget of certain audits which have findings with a dollar impact of \$150,000 or more relative to waste or inefficiencies, missed revenue collections, erroneous or improper payments or overpayments by the state, theft of money, failure to meet funding obligations such as pension or health benefits, failure to comply with federal fund or grant requirements, failure to comply with state funding requirements, including failure to report as required, misappropriation of funds, errors in or insufficient support for disaster expenditures, accountability of public money associated with various disasters such as the Deepwater Horizon event, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the first quarter of Fiscal Year 2023. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

We are available to present the information that is of interest to your committee. We hope that this report assists you in your legislative decision-making process.

Sincerely,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/ch
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STATE AGENCIES

Central Louisiana Human Services District ([Report Link](#))

- Central Louisiana Human Services District (CLHSD) did not bill Medicare and Medicaid in accordance with insurers' contract terms. CLHSD failed to collect \$160,802 of self-generated revenues billed during the two fiscal years ending June 30, 2022, as of May 13, 2022. **(Repeat)** (Amount: \$160,802) (p.1)

Florida Parishes Human Services Authority ([Report Link](#))

- The Florida Parishes Human Services Authority (FPHSA) did not ensure the purchase of its new electronic health record system was in accordance with state bid law and agency procedure. FPHSA personnel researched several possible vendors and obtained the assistance of a contracted consultant to evaluate the vendors. FPHSA selected the vendor whose software was most compatible with its day-to-day behavioral health and clinical processes. The vendor selected resulted in a contract being signed with a system cost of more than \$1.2 million during the initial contract term of 60 months. As part of this process, FPHSA failed to advertise for the software purchase in accordance with state law and agency procedure. (Amount: \$1,200,000) (p.1)

Governor's Office of Homeland Security and Emergency Preparedness - Public Assistance Program ([Report Link](#))

- Completed work was not within the scope of the approved project. (Amount: \$3,162,607) (p.3)
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. (Amount: \$72,085,156) (p.3)
- Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. (Amount: \$13,688,865) (p.3)
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. (Amount: \$8,046,342) (p.3)
- The Cost Estimate Tool and the Expense Review Form did contain duplicate, omitted, and/or miscategorized expenses. (Amount: \$988,406) (p.4)

Since April 1, 2008, the LLA has noted exceptions totaling \$1,621,710,395, which includes \$97,971,376 noted this period, and GOHSEP has resolved \$1,439,025,336, which includes \$66,076,607 resolved this period.

Governor's Office of Homeland Security and Emergency Preparedness - Hazard Mitigation Program ([Report Link](#))

- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: \$1,245,432) (p.2)*
- Contracts and purchases totaling more than \$10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$999,067) (p.3)*

Since April 1, 2008, the LLA has noted exceptions totaling \$309,470,295, which includes \$2,321,737 noted this period, and GOHSEP has resolved \$212,822,496, which includes \$1,351,387 resolved this period.

Louisiana Sales and Use Tax Commission for Remote Sellers ([Report Link](#))

- The Commission did not complete monthly bank reconciliations for its three bank accounts during fiscal year 2021. For one account, the Commission identified variances between the deposits and the monthly collections; however, these variances were not researched and resolved timely, resulting in undetected errors. The subsequent research of these variances identified a \$1,556,697 liability at year-end. *(Amount: \$1,556,697) (p.2)*

Louisiana State University at Eunice ([Report Link](#))

- LSU Eunice did not submit past-due student accounts receivable to the Louisiana Attorney General for collection in accordance with state law and its written procedures. **(Repeat)** *(Amount: \$2,161,254) (p.2)*

River Parishes Community College ([Report Link](#))

- For the third consecutive engagement, River Parishes Community College (RPCC) did not have adequate controls over student account balances, increasing the risk that accounts receivable balances may be overstated. **(Repeat)** *(Amount: \$1,346,511) (p.1)*

- RPCC did not ensure bank reconciliations were properly prepared and reviewed, increasing the risk that errors and/or fraud could occur and not be detected in a timely manner. The bank reconciliations for the months of July 2020 through October 2021 did not balance, with differences between bank balances and the general ledger ranging from \$548,602 to negative \$2,138,421. As of July 20, 2022, bank reconciliations were not completed for the months of November 2021 through June 2022. This is the third consecutive engagement in which auditors noted issues related to bank reconciliations. **(Repeat)** [*Amount: Ranges from \$548,602 to (\$2,138,421)*] (p.1)

LOCAL GOVERNMENT AGENCIES

Caldwell Parish Sheriff (CPSO) ([Report Link](#))

- Subsequent to year-end, the Sheriff contacted the Legislative Auditor's Office and requested a full investigation of a theft he discovered that was committed by the Chief Civil Deputy. It was discovered that the Sheriff's office received \$586,811 more in taxes and fines and fees than was deposited from July 1, 2017 to June 30, 2021. The Chief Civil Deputy at the time said she took cash collected by CPSO and deposited it into her and/or her daughters' bank accounts. Her and her daughters bank records show \$176,887 of cash was deposited into their bank accounts from January 1, 2017 to September 14, 2021. The Louisiana Legislative Auditor issued a report on this on June 1, 2022. *(Amount: \$586,811) (p.50)*

District Attorney for the 42nd Judicial District ([Report Link](#))

- The Diversion Fund transferred \$300,000 to the General Fund. There was a letter of explanation from the prior District Attorney that the transfer was to cover operating expenses, specifically salaries. No detailed records were required or obtained for most of the salaries allocated to administering the traffic diversion program or victims' assistance programs. The District Attorney did not keep records of the types of victims' assistance programs it operated, if any. There was no reasonable allocation scheme for transferring the monies to the General Fund. There were no local policies or procedures regarding the transferred expenses. \$500,000 was transferred during 2019 with the same explanation. The annual report was turned in late to the Louisiana Legislative Auditor, and there were some miscalculations of payroll taxes and violations of the Local Government Budget Act as well. *(Amount: \$800,000) (p.46)*